

Message Text

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ACTION AGR-08

INFO OCT-01 EUR-12 EA-06 ISO-00 NSCE-00 NIC-01 SAJ-01

SAM-01 CU-02 SP-02 AID-05 EB-07 NSC-05 RSC-01 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

L-02 H-01 PA-01 PRS-01 USIA-06 IO-10 /112 W

----- 121538

R 010322Z FEB 75

FM USLO PEKING

TO SECSTATE WASHDC 3171

INFO AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EAGR AS CH

SUBJECT: AUSTRALIA SELLS ONE MILLION TONS OF WHEAT TO PRC

1. ACCORDING TO AUSTRALIAN EMBOFF HERE, A DELEGATION FROM THE CHINA NATIONAL CEREALS, OILS AND FOODSTUFFS IMPORT AND EXPORT CORPORATION (CEROILFOOD) NOW VISITING MELBOURNE HAS PURCHASED ONE MILLION TONS OF WHEAT FROM THE AUSTRALIAN WHEAT BOARD (AWB). THE WHEAT WILL BE DELIVERED BETWEEN APRIL 1975 AND MARCH 1976 AND, DEPENDING ON THE GRADES OF WHEAT SHIPPED, WILL BE WORTH ABOUT AUSTRALIAN DOLS 120 MILLION (US DOLS 150 MILLION).

2. THIS IS THE SECOND ANNUAL PURCHASE BY CEROILFOOD UNDER A THREE-YEAR CONTRACT WHICH IT SIGNED WITH AWB IN 1973. THE ORIGINAL CONTRACT SPECIFIED THAT CEROILFOOD WOULD PURCHASE A MINIMUM OF 1 AND A MAXIMUM OF 1.5

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MILLION TONS DURING EACH CALENDAR YEAR FROM 1974 TO

1976. ACCORDING TO THE EMBOFF, THE CHINESE SIDE'S DELAY
IN ENTERING INTO THIS YEAR'S NEGOTIATIONS (1974 PEKING 1735)
HAS CAUSED THE DELIVERY PERIODS TO SLIP AND
SHIPMENTS UNDER THE LONG-TERM AGREEMENT ARE NOW EXPECTED
TO EXTEND THROUGH EARLY 1977.

3. COMMENT: COMING AT A TIME WHEN CEROILFOOD HAS JUST
CANCELLED CONTRACTS WITH THE US, THIS NEW AUSTRALIAN SALE
MAY LEAD JOURNALISTS AND OTHER OBSERVERS TO CONCLUDE THAT
THE US IS BEING DISCRIMINATED AGAINST IN SOME WAY. THE
PURCHASE FROM AUSTRALIA IS NOT AN UNEXPECTED DEVELOPMENT
HOWEVER. CHINA ENTERED INTO LONG TERM CONTRACTS WITH
CANADA, AUSTRALIA AND ARGENTINA IN 1973 AND WE HAVE ALL
ALONG EXPECTED THAT IT WOULD HONOR THOSE PURCHASE AGREEMENTS
THIS YEAR. THE FACT THAT CEROILFOOD FIRST DELAYED
AND THEN TOOK ONLY THE MINIMUM AMOUNT CALLED FOR IN ITS
AGREEMENT WITH AWB IS CONSISTENT WITH OUR IMPRESSION
THAT THE CHINESE ARE TRYING TO HOLD DOWN THEIR GRAIN
IMPORTS THIS YEAR, PRIMARILY TO CONSERVE FOREIGN EXCHANGE.
HOLDRIDGE

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